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Advertising Age

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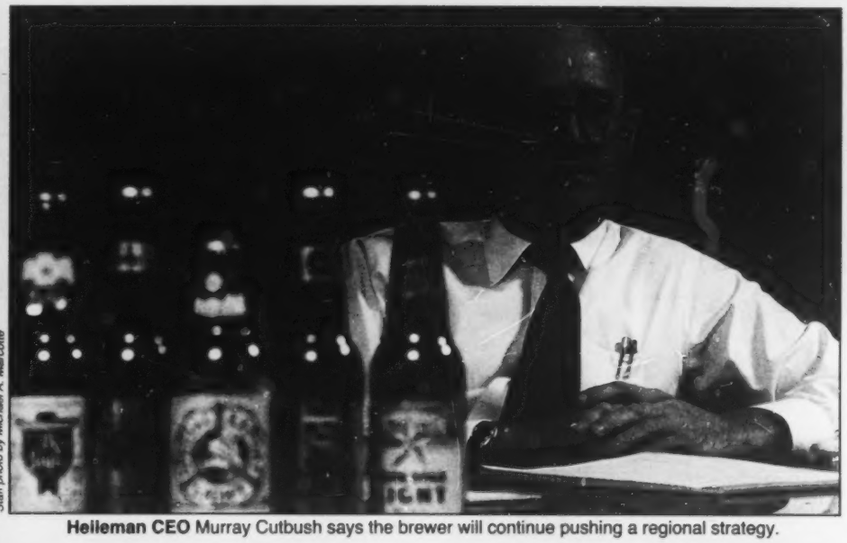


Staff photo by Michael A. Marcotte

Heileman CEO Murray Cutbush says the brewer will continue pushing a regional strategy.

Heileman in high gear

New beers will tap into $40M advertising budget

By IRA TEINOWITZ

G. Heileman Brewing Co. will test in the U.S. Castlemaine XXXX, a popular brew marketed by Bond Brewing in Australia and the U.K.

Castlemaine will be marketed as either an import or an Australian-style domestic brew. Sources say it will be supported with advertising that uses the award-winning work done overseas by Saatchi & Saatchi, London.

In addition, Heileman will test in several markets the first dry malt liquor, under its Colt 45 brand, and break five regional ad campaigns for its other brands.

In the process, the brewer, owned by Bond Corp. Holdings, will make good on its pledge to increase marketing expenditures by boosting ad spending 25% this year to about $40 million.

"Last year, we demonstrated that we are here for the long term," said Ian S. Crichton, senior exec VP-marketing and sales for Heileman, referring to the company's first year as a Bond division. "We didn't just walk in, pour money in and

(Continued on Page 66)

Nissan halts $35M print ad schedule

By CLEVELAND HORTON

Nissan Motor Corp. USA, in a stunning move, abruptly canceled its $35 million-plus consumer print schedule for the rest of the 1989 model year.

Nissan said it's shifting the entire print budget into additional spot TV time.

The print massacre hits *Time, Newsweek, People* and *Rolling Stone* the hardest. *Sports Illustrated* will get a limited number of racing-related ads; it, too, loses its larger product-ad schedule.

Only car and truck enthusiast publications escaped the knife.

"I'm in a state of shock," said Howard Smith, publisher of *Newsweek*, after getting the pullout confirmation from Nissan.

"We want to use the dollars freed up [from the print schedule] tactically, where they are needed," said Terry Foutz, Nissan national car advertising manager. "We want to align our national dollars with our regional dollars for a combined impact."

Mr. Foutz said the decision isn't an indictment of print. The company and agency Chiat/Day, Venice, Calif., debated the issue at length before taking the action, he said.

"It was a joint decision [between Nissan and the agency], and we support it," said Tom Patty, Chiat/Day exec VP-management supervisor, who called the move a response to a "tactical need."

"We had anticipated slightly lower pages from Nissan in 1989, but not to this extent," *Newsweek's* Mr. Smith said. "It is an abrupt and surprising turn for them."

Nissan's magazine ad spending had increased dramatically in recent years. The Japanese automaker spent $36 million in all consumer magazines last year, sources said, with $13 million, or 36%, going into the three major newsweeklies. In 1987, Nissan spent $19.6 million in all consumer magazines; $6.5 million, or 33%, of that went to the newsweeklies.

Nissan spends about $280 million in total media advertising through Chiat/Day—an estimated $200 million in national ads and $80 million in regional ads. The regional plan replaced spending formerly handled by Nissan dealer associations.

Nissan had "spent a lot of

(Continued on Page 67)

Military sounds TV retreat

By JANET MEYERS

WASHINGTON—Military recruitment advertising, accounting for about $200 million annually in recent years, is being slashed even as recruiting lags.

The deepest cuts are in TV, where the military in the 1980s used award-winning commercials to polish an image tarnished by Vietnam.

The U.S. Army, always the largest TV advertiser among the services, has cut its fiscal 1989 TV budget by 20% to $21.6 million. That's the Army's smallest TV spending plan in more than five years.

The Navy has no plans to buy TV time with its 1989 ad budget of $15 million. The Navy aired its first TV campaign from new agency BBDO Worldwide, New York, for six weeks last year; the effort's chances of resurfacing appear dim.

"We feel that with any budget below $20 million we don't have enough money to be on TV and make an impact," said Capt. Robert Kelly, Navy director of recruitment advertising. "We've gradually shifted from TV to radio, and next year we may have to downsize radio. Our purchasing power has never been lower."

The four services project combined paid TV spending of $40.8 million for the fiscal year ending Sept. 30, a 33% decline from 1986.

The 1987 figure was $53.9 million and 1988's was $51.8 million.

Total military ad spending for all media and production will be about $185 million this fiscal year, down 10% from a high of $206 million in 1986.

The Marines' budget has shrunk so much that the Corps is ending a flight of TV spots earlier than expected and overhauling a public service campaign to help bolster recruiting.

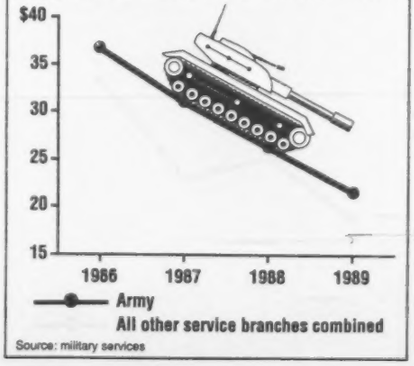
Only the military's "corporate," or joint service, effort has been on the upswing.

The joint program, a generic appeal for youth to join the armed

(Continued on Page 67)

ARMY LEADS THE WAY

Network and spot TV ad spending in millions of dollars by the military services for each fiscal year, Oct. 1 to Sept. 30. Figures for 1989 are service estimates.



Source: military services

JOHN HALL

Last Minute News

Maxwell House up for review

RYE BROOK, N.Y.—General Foods is reviewing its $50 million U.S. Maxwell House coffee account now at Ogilvy & Mather, New York. Besides the incumbent, other General Foods agencies including D'Arcy Masius Benton & Bowles, Young & Rubicam and Grey Advertising, all New York, are believed to be pitching the business. The company wouldn't say whether non-General Foods agencies are being considered.

BK asks Ayer to restructure

MIAMI—Burger King last week asked N W Ayer to restructure the way the agency handles the fast-food chain's $200 million account. Ayer offices that handle Burger King business (New York, Los Angeles, Atlanta and Chicago) will each handle account services, media and creative autonomously and report to Burger King's regional marketing

(Continued on Page 8)

Absolut plays dress-up—P. 4
Bert Sugar still boxes—P. 32
David Ogilvy returns—P. 47

Conn. catches ad-tax fever

By STEVEN W. COLFORD

Connecticut jumped to the head of the "let's-tax-advertising" brigade last week with a legislative proposal to extend its 7.5% sales tax to state and national advertising.

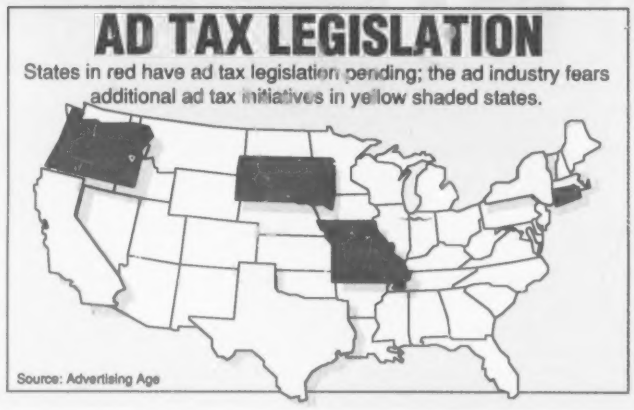
At the same time, a Connecticut legislative committee was exploring the possibility of limiting or even eliminating the deductibility of advertising expenditures at the state level.

That fiscal one-two punch from the East overshadowed tax maneuverings in South Dakota, where the House voted 36-29 to defeat a proposal to revoke advertising's exemption from the state's 4% sales tax. Rep. Mark Hollenbeck (R., Rapid City), the bill's chief sponsor, said he'd try to resurrect the bill today.

Dennis Brown, director of the State Advertising Coalition, last week shuttled between informational meetings with the Black Hills Ad Club in Rapid City, S.D., and monitoring developments in the capital city of Pierre, where the ad-tax bill had won committee approval early last week and was awaiting the full floor vote.

The coalition was formed in 1986 to monitor state legislative and regulatory initiatives affecting advertising.

The ad-tax fever also is high in two other states, Oregon and Missouri, which are forging ahead with their own initiatives that, directly or indirectly, tax advertising.


AD TAX LEGISLATION
States in red have ad tax legislation pending; the ad industry fears additional ad tax initiatives in yellow shaded states.
Source: Advertising Age
John Heiland

Most of the attention, however, was focused on Connecticut, where tax clouds appear darkest.

"Connecticut has all the earmarks of a full-scale battle," said Association of National Advertisers Senior VP Dan Jaffe. "They seem to be very serious about this, so we're asking our [members] to talk to their legislators there as soon as possible."

The American Advertising Federation—with its strong grass-roots networks of ad clubs, agencies and media—was similarly alerting its members, both in South Dakota and Connecticut, Senior VP Wally Snyder said.

Sen. William DiBella (D., Hartford), chief sponsor of the Connecticut tax initiative, appears to be well

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S&L ads tout fiscal health

By KATE FITZGERALD

The nation's solvent savings and loan associations, which spend about $850 million on advertising annually, are scrambling to shore up their images.

With heavy media coverage of President Bush's $60 billion plan to bail out 220 insolvent S&Ls, many of the largest and healthiest institutions are increasing local advertising and cooperative promotions to tout their strength. Others have produced new ads aimed at building customer confidence in an industry under a cloud.

There are about 2,800 solvent S&Ls in the U.S., industry sources say.

Despite the new efforts, total industry spending may not increase this year because some consultants are counseling S&Ls to keep a low profile, say sources at the Financial Institutions Marketing Association, which keeps track of spending.

"For many S&Ls, it's better to lie low right now and cut back their advertising the way airlines pull their ads after a jet crash," said Kevin Tynan, president of Kevin Tynan & Associates, a marketing consultancy.

"There's a lot of guilt by association in the industry, and even if an institution's perfectly solvent and healthy, advertising won't change the minds of irrational people," he said.

The U.S. League of Savings Institutions said it doesn't have funds budgeted to resurrect its umbrella campaign promoting the nation's S&Ls. A $6 million network TV effort from Foote, Cone & Belding, Chicago, ran last year.

"We haven't budgeted for additional advertising, and it doesn't appear likely," said Allan Friedman, VP-public relations for the league.

Instead, the league is sending out

(Continued on Page 67)

Winners inspire 'Yearn to Learn'

CHICAGO—The "Yearn to Learn Challenge" advertising competition co-sponsored by ADVERTISING AGE and Scholastic Inc. has produced a dozen winners.

Entrants were invited to submit ads that would encourage youngsters to stay in school.

The 12 winners *(see ads on Page 55)* were selected from among 1,045 ads submitted by agencies, advertisers and individuals throughout the U.S. and Canada. The 40 certificate-of-merit winners will be notified soon.

"We were overwhelmed by the response to the 'Challenge,' " said Rance Crain, AD AGE editor in chief. "The caliber of entries was consistently high and reflected a great deal of care and research. We're grateful to everyone who took the time to submit an entry.

"In a competition of this sort, everyone is a winner—but the real satisfaction for all participants is in helping a discouraged youngster to see why it makes sense to finish school."

Leo Burnett Co. donated the creative work for the "Challenge" brochures and announcement ads, and R.R. Donnelley & Sons Co. donated printing for the brochures.

Judges were Gordon Ambach, executive director, Council of Chief State School Officers; Hall "Cap" Adams Jr., chairman-ceo at Burnett; Fred Danzig, editor, AD AGE; Philip B. Dusenberry, vice chairman and director, BBDO Worldwide, New York; Dick Robinson, president-ceo, Scholastic Inc.; Robert Wehling, VP-marketing services, Procter & Gamble Co.; New York City public high school students; associate editors of AD AGE; and editorial and design directors of Scholastic Inc.

Coordination was handled by Stephanie Feuer, public relations manager at Scholastic Inc., and Laura Zuckert, corporate projects manager at Crain Communications Inc.#

Shops wage war over top execs

By JON LAFAYETTE

With high-power talent scarce, agencies are scrambling to hold onto top executives by matching the tempting offers they're getting from competitors.

At least four times in the past year, senior admen at various agencies received salary offers of more than $300,000 but rejected them after getting counteroffers from their current agencies, said Judy Wald, president of the Judy Wald Agency, a leading executive recruiting company.

Ms. Wald said such overwhelming counteroffers have been rare in the past, but these days "huge agencies don't want to lose good people."

Sometimes an agency can't afford to let one of its top people go, Ms. Wald said.

Some of the executives who accepted counteroffers stayed with agencies that were about to be sold, merged or restructured, she said. Without key executives in place, the deals could have fallen through.

Efforts to attract and keep talent are at a fever pitch, with three of the nation's top dozen agencies looking for creative directors (AA, Jan. 30). Many smaller agencies are also looking for leaders and are assembling equity packages they hope will lure executives from big shops.

For example, Hill, Holliday, Connors, Cosmopulos was able to offer former Young & Rubicam Creative Director John Ferrell equity to get him to join its relatively small New York operation as exec VP-chief creative officer (AA, Jan 9).

Agencies are willing to spend more time and money to find good top-level candidates, said Laura Murphy, a principal at Baeder/Murphy/Associates, an executive search company.

With several new agencies establishing themselves on the West Coast and other agencies growing rapidly, "it's never been a healthier marketplace" for headhunters, she said.

Ms. Murphy said her company is sometimes tapped to keep an executive at a shop. "Agencies don't want us simply to place people," she said. "They want us to be a partner . . . sometimes we're called in to keep talent there."

But some agencies say they won't dismantle their salary structures to keep an employee who's received an incredible offer.

"If someone walks in and says someone else is going to double their salary, I'm not going to do anything," said Spencer Plavoukos, chairman-ceo of Lintas:New York. "But if it's someone we want and a raise is justified, we'll try to put something together."

Mr. Plavoukos said by the time a person has accepted an offer "he's made a psychological commitment to leaving," making it hard to change his mind.

Then again, some people seek better offers solely to improve the situation at their current agencies.

"Six years ago, I offered someone in account services [at another agency] a job and made him wealthy where he was," Mr. Plavoukas recalled.

"Our people get calls all the time for offers of over $200,000," said Mike Hughes, vice chairman at the Martin Agency, Richmond, Va. "We tell them to go ahead and take it."

Some creative people have actually taken cuts in salary to work at the Martin Agency because of its creative reputation, Mr. Hughes said.

"Some agencies have stars," he said. "But they pay a quarter of a million to a few people and everyone else makes $35,000. We have major people on every account."#

Cleveland Horton in Los Angeles and Janet Meyers in Washington contributed to this story.

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President of Saatchi unit quits

By CLEVELAND HORTON

The third in a series of setbacks has hit Toyota Motor Sales USA's Lexus division as David W. Wager abruptly resigned as president of Saatchi & Saatchi Team One.

Mr. Wager, 41, left the Torrance, Calif., agency Feb. 1, immediately after representing Lexus' shop at the National Automobile Dealers Assn. annual meeting in New Orleans. Mr. Wager said he was taking an unidentified job opportunity.

Stuart B. Upson, chairman and co-ceo of parent Saatchi & Saatchi Advertising Worldwide, will assume the role as president of Team One, the unit formed specifically to handle the estimated $60 million Lexus account.

Mr. Wager's departure "couldn't have come at a worse time," said George Peterson, president of the AutoPacific Group, a research company. Most carmakers are starting to "cross the t's and dot the i's" on creative strategy for the 1990 model year, he said.

Lexus plans to introduce its first two cars next fall.

The loss of Mr. Wager follows several unexpected changes for Lexus.

Late last year, Toyota lost the first round of a legal dispute with Mead Corp. over the name of its new division (AA, Dec. 19 [illegible] *seq.*). As the lawsuit lingers in appeal, Lexus can't run any national advertising.

Early this year, the division's highly regarded general manager, Jim Perkins, left the company to become assistant general manager of General Motors Corp.'s Chevrolet division (AA, Jan. 23).

He was replaced by J. Davis Illingworth, Lexus corporate manager-sales and operations.

Mr. Wager cited change of man-

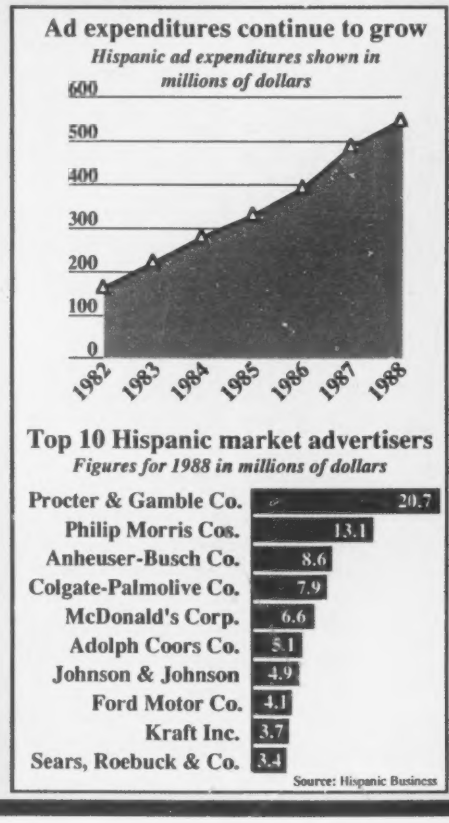
(Continued on Page 64)

CORRECTIONS & CLARIFICATIONS

- Norman Campbell, who retired this month as president-ceo of BBDO Worldwide (AA, Feb. 6, P. 49), doesn't remain a vice chairman of that company. He will be a director at Tracy-Locke, which he headed until 1986.
- *Mademoiselle* has corrected its 1988 ad page total (AA, Jan. 23, P. 40). The Conde Nast publication finished the year with 1,781.4 pages, two more than it carried in 1987.#

Special Report

Marketing to Hispanics



Hills Bros. push percolates from bottom to top

By Alice Z. Cuneo

Hills Bros. Coffee entered the Hispanic market in 1988 hoping for instant results. By introducing its Hills Brothers and MJB instant coffees to the Hispanic market, the company demonstrated its commitment to listen to its sales force.

"Communications [at Hills Bros.] don't just go from management down," says Laura Lynn Liptai, Hills Bros. Coffee product manager. The impetus to get into the Hispanic market came from two members of its field staff, she says.

For two years, Kenneth Hogue, Hills Bros. Los Angeles division sales manager, listened to his sales force lament the company's lack of attention to the area's expanding Hispanic market.

> ***The program was intended to produce quick sales, not hope for long-term results.***
>
> **Laura Lynn Liptai**
> **Hills Bros.**

" 'We need to do something for the Hispanic community,' 'We're limited with our point-of-sales materials,' is what they told me," Mr. Hogue recalls. Finally, he approached Southwest Regional Sales Manager Gene Gilruth, who analyzed the sales force's request.

The project then went to VP-Marketing Barry Reis, who put everything together—"someone like me who had experience in the market, and those pushing the company to get into the market," Ms. Liptai says. Before coming to Hills Bros., Ms. Liptai handled Hispanic marketing for Procter & Gamble Co.'s Folgers coffee and Citrus Hill orange juice. By conducting focus groups and performing quantitative analysis, the company discovered a market of "particularly significant users of instant, and we weren't catering to it," Mr. Hogue says.

Thirty-two percent of the nation's 19 million Hispanics reside in California, a state that accounts for roughly 20% of instant coffee consumption, Ms. Liptai says. "You've got a big instant coffee market, coupled with a very big Hispanic community," she says.

The company's research revealed that many of the area's Mexican immigrants used instant coffee to make *cafe con leche*, a mixture of warm milk and instant coffee, and that many Hispanic parents served the mix to their children. "A number of studies show that Hispanics drink 30% more coffee than the Anglo population," adds Ms. Liptai.

According to a 1987 Strategy Research Corp. market study, U.S. Hispanics index 6.9% higher than non-Hispanics for use of instant coffee, and 48.9% higher for total coffee usage, including Latin-style ground coffee.

At the time, Hills Bros.' general-market effort was focused on couponing, Ms. Liptai says. "In the Hispanic market, you don't start with coupons but with another proven medium," she says.

The 1987 SRC study showed that only 38.1% of U.S. Hispanics used cents-off coupons. However, a recent survey by coupon distributor Donnelley Marketing reports that 66% of Hispanic households redeem three or more coupons weekly.

Illustrations by Steve Musgrave

Genesis: Entering the market

To help select the medium and create a test campaign for the two brands, Hills Bros. last March signed La Agencia de Orci & Asociados, Los Angeles, to handle both brands. Funding for the Southern California Hispanic test came from a discretionary trade and consumer promotion fund allotted to each regional office.

Orci and Hills Bros. launched the campaign in August on Los Angeles radio outlets KLVE (AM, FM), KWKW-AM and KTNQ-AM. The test, which consisted of one 30-second Spanish-language spot for each brand, ran until December.

With close to 4 million Hispanics residing in greater Los Angeles, agency president Hector Orci says the decision to test in Los Angeles was "very efficient."

The MJB spot, in which a mother takes an instant-coffee break after sending her children off to school and husband off to work, uses the theme, "When it's time for coffee, savor the moment with a rich delicious cup of MJB." Although not a drastic departure from general-market executions, the ad played upon the idea of mother and family, an effective pitch in the Hispanic market, says Ms. Liptai.

The Hills Bros. instant spot touched on a similar theme, focusing on Hispanic women as gracious hostesses. During a discussion of the just-finished dinner, the hostess says her recipe for coffee was simple: Hills Bros. instant. The guests agree that the coffee was perfect for *sobremesa*, the time spent talking at the table after the meal is complete.

Ms. Liptai says the test program was unusual because "we turned it around so quickly. We went from concept to execution in about 12 weeks."

The program was intended to produce an immediate sales increase "not just go in and hope for long-term results," she says. Test results show a 15% to 20% increase in sales for both brands based on pre- and post-evaluation studies.

Ms. Liptai adds that Hills Bros.' 1989 campaign "will basically repeat the elements of the 1988 test" and may start as early as next month. A second phase, scheduled for 1990, will involve bringing vacuum or ground coffee into the market, she says. "Instant is the most important coffee type to the Hispanic market so that was the place to start, but we will branch out."

Mr. Orci also says TV is being considered, as are promotions and trade events.

Ms. Liptai says the company may expand into other Southern California markets, with possible rollout into Northern California and other major Hispanic areas nationwide. "What we've got here is a successful test, and now we're looking to expand," she says. □

Hills Bros. has it made in the shade with high Hispanic coffee consumption.

Alice Z. Cuneo is San Francisco-based correspondent.